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Linda McCulloch
Superintendent

April 19, 2005

To: District Superintendents and Clerk/Business Managers
County Superintendents

From: Denise Ulberg, Administrator
School Finance Division

Subject: *****REVISED INFORMATION*****
House Bill 624 and House Bill 63

This memo supersedes the information released on Friday, April 15. It contains a brief summary of House Bill 624 (signed by the Governor on April 8) and House Bill 63 (passed by 2005 Legislature on April 14). This memo also includes information on OPI's timelines for providing schools with revised Budget Data Sheets and other budgeting tools.

House Bill 63 increases the per-ANB entitlements by \$250 for elementary ANB and \$100 per high school ANB above the inflationary increases of 2.1% in FY2006 and 2.19% in FY2007. The specific entitlement amounts are:

General Fund Entitlements	FY2005	FY2006	FY2007
Basic Entitlement – Elementary	\$ 19,859	\$ 20,275	\$ 20,718
Basic Entitlement – High School	\$ 220,646	\$ 225,273	\$ 230,199
Per-ANB Entitlement – Elementary	\$ 4,031	\$ 4,366	\$ 4,456
Per-ANB Entitlement – High School	\$ 5,371	\$ 5,584	\$ 5,704
Direct State Aid Percentage	44.7%	44.7%	44.7%

Beginning in FY2006, a district's BASE and Maximum budget are calculated using both current year ANB and a 3-year average ANB. The calculation that generates the highest Maximum general fund budget will determine a district's budget limits. Important note: special education entitlements will be based on current year ANB only (HB63). A K-12 district's budget limits will be the highest elementary maximum budget plus the highest high school budget determined using current year ANB or 3-year average maximum ANB for each level (HB63).

HB624 revised the calculation of budget limits for FY2006. If a district adopted a disequalized general fund budget in at least one of the fiscal years from 2001 through 2005, it may adopt up to the highest actual budget from FY2001-FY2005, subject to voter approval of the increase in Over-BASE tax dollars (HB63).

"It is the mission of the Office of Public Instruction to improve teaching and learning through communication, collaboration, advocacy, and accountability to those we serve."

Beginning in FY2006, a school district may permissively include up to the same amount of over-BASE revenue levied from its FY2005 adopted budget. The provision does not increase a district's budget limit, but it does allow a district to levy (without a vote) the same over-BASE amount as in FY2005. This provision may allow a district that is disequalized in FY2006 to permissively levy above its FY2006 Maximum (HB 63).

HB63 waives and/or extends this year's school levy election deadlines. Any statutory deadlines that fell on or before April 15 are extended to April 25, 2005. The time period for posting the election notice is changed to April 25 through May 3, 2005.

OPI Staff is working to update the budgeting tools that we provide to assist districts in preparing their budget.

General Fund Spreadsheets

The School Finance Division is updating and testing the Excel spreadsheets to include ANB 3-year averaging, new basic and per-ANB entitlements, special education block grant rates and the new calculations of highest budgets with and without a vote. The expected release date is

Thursday, April 21. An email will notify you of the posting.

Revised Budget Data Sheets

OPI will revise and test the Budget Data Sheets for FY2006. We expect to post them on the OPI web site by **Monday, April 25.** An email will notify you of the posting.

FY2005-06 General Fund Budget and Voting Limits

A revised version of this chart (see page 12 of FY2005-06 General Fund Budget Overview and Worksheets) is located at <http://www.metnet.state.mt.us/schoolfinance/0000D9D9-80000007/0001C691-80000007/>. This chart reflects the general fund budget and voting limit changes made in HB624 and HB63.

I hope this information is helpful and timely. Please contact the School Finance Division staff at (406) 444-4401 if you have any questions.

Link to HB624:

<http://data.opi.state.mt.us/bills/2005/billhtml/HB0624.htm>

Link to HB63:

<http://data.opi.state.mt.us/bills/2005/billhtml/HB0063.htm>